

6  
INTELLIGENCE AND POLICYMAKING  
IN AN INSTITUTIONAL CONTEXT

by

William J. Barnds

Commission on the Organization of the  
United States Government for the Conduct of Foreign Policy

November 18, 1974

TABLE OF CONTENTS

	<u>Page</u>
Summary	- 1 -
Introduction	- 1 -
The Raw Material of Intelligence Production	- 7 -
The Structure and Production of the Intelligence Community	-1 6-
The Role of Intelligence in the Policy Making Process	-2 2-
Key Issues in the Intelligence-Policy Making Relationship	-3 3-
Establishing Requirements for Collectors	-3 3-
Guiding and Evaluating the Reporting of U.S. Embassies	-3 6-
Policy Guidance to the Intelligence Community	-3 8-
Evaluating Intelligence Production	-3 9-
Coordination or Competition in Intelligence Activities	-4 1-
The National Intelligence Officer (NIO) System	-4 4-
Intelligence Support for U.S. Foreign Economic Policy	-4 7-

SUMMARY

1. The U.S. intelligence system remains heavily focused on military considerations and upon discovering and evaluating potential military threats. However, changing conditions in the world have added new tasks, particularly in the area of economic intelligence, without reducing old responsibilities significantly -- a trend that presents growing problems in a time of fiscal stringency. (pp. 1-6).
2. The information collected for processing and analyzing by the intelligence community comes from a variety of sources ranging from the mundane to the esoteric. There has been a rapid rise in the importance of technological collection methods in the past decade or so, especially on military matters involving Communist states. Nonetheless, material in the public domain, reports of U.S. officials stationed abroad, and reports from foreign agents continue to play an important role in the intelligence process. (pp. 7-16).
3. The structure of the intelligence community reflects the basic decision made shortly after the Second World War that, while departments with policy responsibilities should have an intelligence capability of their own, there should also be a central agency to produce its own studies as well as to coordinate the work of the community as a whole. Each of the intelligence organizations has its particular strengths and weaknesses, but the basic structure of the intelligence community in the area of intelligence production is sound. (pp. 16-21; 27-28).
4. The functions of intelligence in the policy process are: (1) alerting policy makers to events abroad; (2) estimating future developments; (3) appraising the likely consequences of possible U.S. courses of action;

and (4) monitoring conditions that affect U.S. policies or agreements with foreign governments. Both intelligence officers and policy makers must perform certain tasks if the relationship is to be successful. However, differences in viewpoint about the appropriate relationship between intelligence officers and policy makers -- and between their respective organizations -- remain widespread. Some stress that this should be an arms-length relationship so as to assure objective intelligence judgments; others stress the need for continuing contact and interaction so that intelligence will be relevant to the policy maker's concerns. (pp. 22-27).

5. Three broad conclusions about the performance of the tasks required for an effective intelligence-policy making relationship seem warranted. First, several of them are being performed in an inadequate manner. Second, the situation is better/it was a few years ago, when distrust and lack of confidence characterized the relationship. Third, substantial improvements are possible without major reorganizations or drastic increases in the workloads of busy men, although some changes in working styles would be required. (pp. 27-31).

6. Despite recent efforts at improvement, deficiencies exist in the establishment of realistic collection requirements -- a problem which will become more serious as more sophisticated technologies permit the collection of an ever growing volume of information. (pp. 29; 33-36).

7. Policy makers do an uneven job of providing guidance to the intelligence community and evaluation of the intelligence product. The Nixon Administration's dissatisfaction with intelligence production led it to establish the National Security Council Intelligence Committee to guide and evaluate the work of the intelligence community, but this

body -- which could and should provide guidance and evaluation by policy makers -- has remained a paper organization. The National Intelligence Officer system is one attempt to bridge this gap. The President's Foreign Intelligence Advisory Board (PFIAB) could usefully direct its attention to the problems of guidance and evaluation. (pp. 29; 31-32; 38-41; 44-46).

8. An even more serious weakness is the failure of high-level policy makers to keep the intelligence community informed of U.S. policies under consideration. Under such circumstances the intelligence officer must try to estimate what his own as well as foreign governments are doing. There is no satisfactory solution to this problem unless policy makers are less secretive about their activities and their longer-term priorities and goals. (pp. 30-32).

9. Adequate arrangements for the organization and coordination of foreign economic policy -- which involve a large number of powerful departments -- have yet to be established. Policy formulation and coordination have fallen partly to the Council on International Economic Policy (CIEP) and partly to the National Security Council -- a system that satisfies virtually no one. At the present time most economic intelligence reporting and analysis are done by the Central Intelligence Agency, whose work in this area is highly regarded throughout the government. In view of the lack of any consensus about the appropriate U.S. government organizational structure and procedural arrangements for dealing with foreign economic policy, it would be more sensible to build upon the present arrangements for economic intelligence than to make any major organizational changes. One procedural arrangement that might be appropriate, however, would be to make sure that

there are adequate provisions for the DCI to report to the CIEP -- and for the latter body (as well as departments outside the intelligence community) to have the authority to task the intelligence community. (pp. 47-51).

Introduction

The development of the Cold War and the withdrawal of the European colonial powers from Asia in the late 1940s made it clear to American leaders that the United States would be drawn into a deeper and more lasting involvement in world affairs than had ever been the case in peacetime. During World War II the hastily expanded U.S. intelligence organizations had given top priority to Germany, Italy, and Japan. Thus, little was known about America's principal adversary, the Soviet Union, or about the vast array of new nations stretching from North Africa through the Middle East and the Indian subcontinent to the South China Sea.

The confusion and uncertainty about the appropriate foreign policies to adopt regarding the bewildering series of problems facing the United States were intensified by the lack of institutions and procedures within the U.S. government necessary to formulate and execute an effective policy. President Roosevelt's highly personalized and informal style of leadership had obvious deficiencies and was, in any case, not congenial to his successors. Institutions and procedures had to be established which would enable the President to bring together the key U.S. officials who dealt with the various aspects of foreign policy to consider the relevant facts, appraise American interests and weigh alternative courses of actions, make the necessary policy decisions and see that they were carried out.

These needs led to the creation of the National Security Council and the Central Intelligence Agency in 1947. United States political leaders recognized the need for government departments with policy responsibilities to retain a capacity for intelligence research and analysis, but they decided that the task of providing much of the reporting and analysis needed

should rest with an organization with no direct policy responsibilities and thus no departmental positions to defend. Thus the former Research and Analysis branch of OSS, which had moved into the State Department after World War II, was transferred to the CIA. A growing effort was launched to collect information of all kinds in Eastern Europe, the Soviet Union, the Far East, and the former colonial territories. Information that would be needed if war broke out received priority. However, the paucity of knowledge on the world abroad meant that almost any information seemed valuable, and thus a vast collection process was set up to gather data on and everything from factory locations, road and rail networks, trade relations to the strength and attitudes of various political forces in far-flung countries. Arrangements for basic research, current reporting, and long-range estimating were established, and extensive efforts were devoted to thinking through and working out appropriate arrangements for the utilization of intelligence in the policy-making process. Intelligence has had its successes and its failures over the years, but even its critics acknowledge that it has and will continue to play/an important role in American foreign policy.

It is simple to state the formal responsibilities and to describe the work, varied and voluminous though it is, of the U.S. intelligence community in the area of intelligence production. It is to give the policy makers judgments as to what the situation actually is in the world at any given time, what it will be in the future, and (to a degree) what the implications of such judgments are. To carry out its responsibilities the U.S. intelligence community has become one of the largest consumers and producers of information in the world -- and thus in history. It gathers masses of facts, rumors and opinions by reading everything from foreign newspapers and the translations of foreign radio broadcasts to the cables of U.S.

missions abroad and the reports of secret agents, and from the photographs taken by satellites to the information in intercepted radio messages. Selected pieces of this information go directly to policy makers in their original form, but much of this data goes no farther than the intelligence analysts themselves. The intelligence organizations, after evaluating and analyzing it, regularly produce a variety of reports (National Intelligence Estimates, daily and weekly intelligence journals, special memoranda and various studies in depth) and send them forth to compete for the attention of the overburdened and harassed policy makers. These reports deal with affairs in countries as far apart as Albania and Zambia and with subjects ranging from the prospects of an insurgency movement in Iraq to the implications of Soviet research and development efforts for Soviet weaponry a decade or more hence.

The responsibility for political analysis has grown as new nations have been born, and the need for such analysis seems unlikely to diminish. The amount of effort devoted to scientific intelligence has increased many-fold in the last fifteen years. In view of the seemingly inexorable march of science in the industrialized nations and the growth of the scientific capabilities of some of the new nations, the tasks in this area are likely to grow in importance, complexity, and volume. The need for accurate knowledge of the military forces of the major powers has always been substantial, and despite a somewhat reduced U.S. involvement in the affairs of other continents it remains important to know the military capabilities of dozens of countries. Even today the U.S. intelligence community's efforts are focused heavily upon military considerations and toward discovering and evaluating potential military threats.

Changing conditions in the world have added new tasks without reducing old responsibilities significantly -- a trend that presents growing problems in a time of fiscal stringency. These new tasks are most striking in the area of economic intelligence, for the international trade and monetary upheaval of 1971 and the oil crisis of late 1973 highlight a major shift in the focus of American foreign policy in recent years. This is the growing importance of international economic policy relative to the traditional security concerns that dominated U.S. foreign policy for nearly three decades after 1941. The decline of American economic predominance by the late 1960s as a result of more rapid Western European and Japanese economic growth was one factor in this change, and the growing dependence on imported raw materials (especially petroleum) added another element. These trends have not only undermined the structure and procedures of the international monetary and trading systems that made possible the great postwar economic progress, but have also raised serious questions about the likelihood of a worldwide depression and about the economic viability of the resource-poor underdeveloped nations. Thus the intelligence community must grapple with the analytical problem of likely trends in U.S. dependence on imported oil, the uses likely to be made by the oil producers of their new wealth, and the ability of the international monetary system to deal with new pressures. Intelligence appraisals of the strengths and likely courses of action of such men as the Shah of Iran and King Faisal of Saudi Arabia are of critical importance, as are judgments about how they would react to various U.S. courses of action.

Finally, intelligence organizations have the task of weaving judgments on political, economic, sociological, military, and scientific matters into an integrated and complete view of an area or an issue. This is as difficult and complex as integrating the modes of thought and expression of the political scientists, historians, economists, military strategists, and scientists who comprise the intelligence community or the foreign policy apparatus

of the government. Thus intelligence permeates the entire foreign policy process. Intelligence activities cost several billion dollars annually, and intelligence judgments influence decisions involving the spending of even larger sums and, on occasion, concerning war or peace.

Two developments have increased the difficulties facing intelligence analysts in recent years. The first is the growing complexity of American foreign policy. Intelligence organizations operate most easily when the international system is stable and their government is pursuing a clearly defined and well-articulated foreign policy. These conditions were characteristic of the period when the Cold War was at its height, but they have been less true for several years. The strength of America's principal adversaries and allies (except the United Kingdom) have increased relative to that of the United States, and so has their freedom of action in certain areas. The U.S. remains in an essentially competitive relationship with the Soviet Union, but the policy of "détente" injects elements of cooperation into the relationship -- elements which will grow if the policy is successful. This not only creates new intelligence requirements, such as monitoring arms control agreements, but also complicates the task of appraising Soviet policy. The same is true regarding China, with whom U.S. relations have shifted even more dramatically, and whose policies have fluctuated sharply in the past. And the rise of terrorism and drug use have resulted in new demands on the intelligence community for analysis as well as collection of information.

The second development is the information and knowledge explosion. The growing interdependence of nations means that a particular event may have very serious secondary and tertiary consequences which are difficult to trace out in advance. New techniques and equipment for processing and analyzing information should be a help to the analyst, and in some ways they

are. However, they often provide a flood of information which is more than any individual can digest. Jobs are then broken up and greater specialization ensues, but this increases the dangers of parochialism in outlook and creates new problems in coordinating the work of specialists.

Moreover, neither "intelligence" nor "policy making" exist in dis-embodied form. They represent the work of men and women, who are both supported and constrained by the institutions which employ them. Loyalties, ambitions, emotions, values, dedication, and vested interests are involved in ways difficult for the various individuals themselves to disentangle. Thus it is hardly surprising that the relationship between intelligence and policy making -- and between intelligence officers and policy makers of various types and in many different situations -- is a difficult and complex one. Major-General Kenneth Strong, long a senior official in the British intelligence structure, has commented:

The relationship between Intelligence officers and policy-makers is of course difficult and complex. The generally accepted view that it is the duty of the Intelligence officer to 'give just the facts, please' has little relevance in a modern governmental structure. In the first place, the facts are often such that the policy-makers are unable to interpret them without expert advice. Secondly, and obviously, the choice of facts is critical, and the Intelligence officer's decision as to which facts are relevant and which should be presented to the policy-makers is often the major initial step in the decision process. This choice between the trivial and sensational, between the unpleasant and pleasing, is by no means as easy as it may appear. Intelligence officers are human, too, and the temptations to prepare a logical story or to serve personal prejudices cannot be overlooked, especially in areas where the facts themselves are often in some doubt and the interpretation of them is as much a matter of opinion as of logic.

On the other hand, there is a frequent temptation for policy-makers to use Intelligence data selectively to suit their own preconceived judgments or political requirements.

The relationship between intelligence and policy making is hardly as central as a feature of the American system as is that between Executive and Legislature, nor is it as complex as the military-civilian relationship. Nonetheless, it does raise important issues, but these have received relatively limited study. This is partly due to the fact that the relationship in its present form is only a few decades old, but also stems from the secrecy surrounding intelligence activities.

However, before examining the relationship itself and some of the problems it poses, it is useful to discuss the sources and types of data that intelligence is based upon as well as the organizations within the U.S. government responsible for intelligence production.

#### The Raw Material of Intelligence Production

Intelligence is a term which has different meanings for different people. It has come to mean not only information on foreign countries which has been collected and evaluated, but also sometimes refers to counterespionage and covert operations as well as espionage. At times intelligence is used to describe a process, and at other times to describe a product. Perhaps the most useful definition for the purposes of this paper is a modification of the one found in the Dictionary of the United States Military Terms for Joint Usage: Intelligence is the product resulting from the collection, evaluation, and analysis of all available information which concerns foreign nations or activities, and which is immediately or potentially significant to planning and decision-making.

Thus intelligence is designed to provide policy makers with knowledge concerning present conditions, trends, capabilities, and intentions of foreign countries and groups within them. There are, of course, degrees of knowledge -- or rather degrees of certainty about knowledge. Some matters are known. Others may be unknown but (at least theoretically) knowable with a high degree of certainty, such as the size and characteristics of the Soviet strategic forces. It is the task of the intelligence community to gather and interpret such facts. It is also possible, through studying the Soviet research and development effort, its industrial production capabilities and performance, and its general foreign policy, to provide fairly reliable estimates -- i.e. those within reasonable ranges -- of probable trends in Soviet military posture for the next several years. Other matters are not only unknown but unknowable. For example, it is not possible to give more than a rough estimate of the likelihood of a war between Greece and Turkey at a particular period in the future because this depends upon the interaction of many contingent events as well as on the intentions of leaders who probably have not made up their minds over what course they will follow. Thus one of the important but difficult tasks facing the intelligence officer is to indicate the degree of certainty (or uncertainty) he attaches to his conclusions.

Intelligence can also be categorized as either strategic or tactical. (Counterintelligence, or actions designed to counter the operations of foreign intelligence services, is basically a police function. Neither counter-intelligence nor covert operations will be considered in this paper.) Strategic intelligence involves knowledge of the capabilities and intentions of foreign powers which is required by United States leaders for making plans and decisions regarding national security and foreign policy. This includes intelligence on current developments as well as long-range forecasts on polit-

ical, military, economic, and scientific trends in foreign countries. Tactical (or departmental) intelligence is so designated because it involves, in the first instance, information needed by a military commander or a diplomat in order to conduct his own operations. Yet it quickly becomes clear that there is no dividing line between tactical and strategic intelligence when we see how a single fact -- the placing of Soviet army units in East Germany on the alert -- would be tactical intelligence to the U.S. army commander in Germany and strategic intelligence to U.S. leaders in Washington. With this limitation in mind, this paper concentrates on strategic or national intelligence.

The information that is collected for processing and analyzing by the intelligence community comes from a variety of sources ranging from the mundane to the esoteric. Since the importance of different sources varies with the country being studied and the issue under consideration, it is difficult to provide a meaningful statement of the importance of each type of data in the over-all intelligence process. The comments made on this matter should thus be regarded as no more than very rough orders of magnitude.

A basic source of information for intelligence production is material which is open and in the public domain. This includes newspaper and magazine articles, scholarly journals, books, open radio broadcasts, and the published documents of foreign governments and international organizations. These are important sources of information on Communist as well as non-Communist countries in many fields -- although seldom concerning Communist military affairs. Open sources tend to be of more importance in developed or semi-developed countries than in those parts of the world which have only rudimentary media facilities and statistics-producing systems. Perhaps 20-25 per cent of the information used by the intelligence community come from open sources.

Another major source of information comes from the reports of civilian officials of U.S. government agencies (excluding CIA) stationed abroad. The most important of these are the reports of the Foreign Service Officers in embassies and consulates, but also included are the reports from U.S. aid missions, attachés from the Treasury, Labor, and Agricultural Departments, and USIS personnel. The cables and dispatches of Foreign Service Officers, containing as they do the results of conversations with high local government officials (as well as background studies) probably are the most important sources of political information available. Many extremely useful economic studies also come from American officials, who integrate open source material with information picked up in their discussions with local officials or provided by local governments. Official reporting probably also provides 20-25 per cent of the total material that goes into the intelligence process.

U. S. military officials stationed abroad (either as military attachés or as MAAG personnel to oversee the distribution and use of U.S. military equipment) and routine military operations of U.S. forces abroad also provide information through their official reports. Naturally, these reports deal largely with military matters. U.S. military officials provide much more information on non-Communist than Communist forces. The operations of U.S. forces abroad may provide information on the capabilities of allied forces, as when joint maneuvers are held. They may also stimulate actions on the part of Communist forces which provide useful information through technical collection methods, a matter that will be discussed shortly. Considerable tactical intelligence is obtained from these sources, but probably only about 10 per cent of strategic intelligence originates with them -- although this figure increases sharply in wartime.

The final source of information collected by human as against technical means is that obtained from clandestine collection.\* This has been declining for many decades for a variety of factors. Weapons have become so complex that few spies could evaluate a modern aircraft even if they examined it. Even a scientist watching a nuclear explosion can tell less than an acoustic-listening device thousands of miles away. Moreover, many societies have become so complex that they must publish increased amounts of information if they are to be managed. This process has gone very far in the open democratic countries, which automatically reduces the potential role of the spy. The police organizations of the Communist countries, especially the Soviet Union and China, make these societies extremely difficult to penetrate. However, the death of Stalin and the Sino-Soviet split have forced Soviet leaders to compete for the allegiance of foreign Communist parties by providing information on Soviet thinking and policies. Thus some success has been obtained against Communist countries by recruitment of agents from the Communist parties of non-Communist countries. However, there is always the danger that a seemingly good source will turn out to be a double agent, who has provided some good information to establish his credibility in order to mislead at a crucial point.

Nonetheless, agents can sometimes provide the missing pieces of information that make it possible to answer key questions. They can be an important source of information on the intentions as distinct from the capabilities of a foreign power. However, as governments become larger, more complex, and more bureaucratic, the amount of information that any single agent can provide is limited by his contacts. This is why such importance is attached to securing an agent close to the center of power, who can provide a broader and more inclusive picture of the plans and policies of his government. The

\* Some collection efforts involve both human and technical collection, as when an agent makes a physical penetration to implant a technical device.

difficulty of penetrating the Communist governments and the ease of open and official contacts with the non-Communist industrial powers have made agents most useful in the Third World countries, which are usually not the primary concern of American foreign policy. Probably no more than 5 per cent of the total information used by the intelligence/comes from classical espionage operations.

Since World War II technological collection methods have increased rapidly in scope and diversity,/ The scientific and technological revolution of recent decades has not only made it possible to improve collection technology dramatically, but the increased power and range of modern weapons have made them more vulnerable to technological collection methods. The power of nuclear explosions can be detected around the globe, ICBM sites can be observed by aerial photography, and a missile being tested emits signals over the course of its several-thousand-mile flight that can be picked up hundreds or even thousands of miles away.

Before discussing those types of technical collection which have arisen and grown in recent decades, it should be noted that there has been some decline in the importance of the oldest form of intelligence collected by technological methods. This is communications intelligence (COMINT), which became a major source of intelligence after the advent of radio communications. The success achieved by the United States in breaking the Japanese codes before World War II was a major factor behind American success in the Pacific War -- just as U.S. failure to utilize such intelligence made possible Japanese success at Pearl Harbor.

The reason for the decline in importance of this source is that the senders have come out ahead of the interceptors in the never-ending struggle to encrypt messages so that they cannot be deciphered. Secure systems have come to characterize not only the advanced nations -- non-Communist as well as Communist -- but also the same

time, the volume of messages is so great that unbreakable systems are not practical for all communications, even in the military area. Human and mechanical errors are sometimes made which make not only individual messages readable but, in at least some instances, can lead to the breaking of a system. And communications security inevitably declines considerably during the disarray of war. Finally, it is not necessary to be able to read messages to obtain valuable information from them by means of traffic analysis. Communications between two points indicate there is a connection between them; if what is taking place at one point is known this may provide a clue to the activities of the other. A rapid increase in communications between headquarters and a fleet at sea could mean an operation was about to take place. While most intercept activity can be carried out at a distance from the target country, it is sometimes necessary to bargain in order to secure listening posts within friendly countries adjacent to the target area. The host country quite naturally tries to extract a high price for its cooperation.

There has been a rapid rise in the importance of electronic intelligence (ELINT) in the past few decades. This involves the interception of radio waves of a non-communications type -- from radars and from new and sophisticated weapons being tested. Radars must continually be in operation if they are to be useful, and there are few countermeasures that can be taken to maintain security. Locating the radars and determining their characteristics often involves sending planes or ships close to a country's borders -- sometimes approaching them as if one intended to penetrate national boundaries, which can increase tensions and occasionally lead to international incidents. When certain types of new weapons are tested they are equipped with instruments which measure their performance and transmit the data to test sites by radio

telemetry. Interception of these signals -- which can sometimes be done at great distances -- can provide important information on the characteristics of the weapon. Another type of ELINT is the use of radars to monitor the actual flight of a missile (RADINT), which also provides valuable information on the pattern of test firings.

STAT

Whatever the importance one attaches to the above technical collection methods, there is widespread agreement that all are overshadowed by imagery or photographic intelligence. This provides useful scientific, economic and military information on the Communist countries that is not available from other sources. It can even, by detecting the pattern of weapons deployment, provide clues to political intentions. While photoreconnaissance was performed by aircraft in the past (as is to a limited extent even today) the plane has largely been displaced by the satellite. There are two advantages possessed by the satellite: (1) it can photograph a much wider area much more quickly, and (2) the legality of satellite overflights is now widely accepted. Indeed, the SALT agreements signed in 1972 specifically stated that neither side would interfere with national technical means of collecting information to verify compliance with the agreements.

Photoreconnaissance, while sometimes hampered by cloud cover, also has the virtue of a high degree of reliability as long as the film is of readable quality. Arms control agreements would have been impossible without it. Both photographic and imagery intelligence also provide important information on the location of natural resources, industrial facilities and on agricultural patterns. (New types of sensors which can detect crop troubles or failures have been installed in some satellites, and the Earth Resources Technology Satellite ERTS provides new capabilities for detection of raw materials of various types.)

The most striking characteristics of the raw information gathered by the collection process are its volume and its variety -- both as to type and to quality. Millions of words of open source information, tremendous numbers of intercepted radio communications and telemetry signals, thousands of reports from U.S. officials abroad, seemingly endless rolls of photographs, and smaller numbers of agent reports reach Washington regularly for processing and transmission to intelligence analysts and policy makers. Some of this, such as open source material, requires only routine categorization and transmission to the appropriate analysts. Other materials, such as telemetry signals and most satellite photography, must be examined by specialists with esoteric technical skills before being sent to analysts. Material collected by one agency or department is generally distributed throughout the intelligence community, although some information that arises out of operational activities of the various departments is held much more closely.

(Some critics have charged that collection drives the system rather than the other way around, and that masses of information are collected simply because it is technically possible to do so.) While this probably is an overstatement, the task of guiding and controlling the collection process

is one that will become more difficult in the years ahead as more sophisticated collection systems now under development become operational and greatly increase the volume of data obtained.

An unending problem for the intelligence community is that of evaluating the quality of information collected. How reliable have a particular agent's reports been in the past, and does he have access to the type of information in a particular report? Is the foreign minister of a particular country telling the U.S. ambassador the truth when they talk or, more realistically, how is he mixing the truth with statements designed to entice or mislead? Does an upsurge of unreadable communications between two points indicate that an operation is about to begin, or is it an attempt to confuse or mislead people in the National Security Agency engaged in traffic analysis? Are the statistics of agricultural production given the U.S. by a foreign government accurate? If not, is it because their statistical techniques are inadequate or because they want to create a particular impression? Some of these questions can never be answered with certainty, but meticulous cross-checking and comparison of reports from many types of sources dealing with the same subject often enable the processor or the analyst to reduce the uncertainties substantially.

#### The Structure and Production of the Intelligence Community

The "production" of the intelligence community ranges from oral interpretations of a particular event by a single analyst in response to a policy maker's informal query to the formal process involved in drafting and coordinating National Intelligence Estimates (NIEs) and having them approved by the United States Intelligence Board (USIB).\* Much of the production appears in

\* USIB is chaired by the Director of Central Intelligence. Its members are the Deputy Director of CIA (representing the Agency) the directors of the Defense Intelligence Agency (DIA) and the National Security Agency (NSA), the Director of the State Department's Bureau of Intelligence Research (INR), and the heads of the intelligence sections of the AEC, the FBI, and the Treasury. The heads of the CIA, DIA, NSA, INR, and the heads of the AEC, FBI, and Treasury are not official members of the USIB, but they attend the meetings and can dissent from its judgments.

written form, but oral briefings occupy an important role in the system, particularly in the Defense Department.

Primary responsibility for preparing intelligence reports and estimates for the policy makers rests with the Bureau of Intelligence Research, the Defense Intelligence Agency, and the Central Intelligence Agency. The effort of the National Security Agency results largely in the publication of individual messages -- or collection of messages -- on specific topics, although its reports sometimes combine this information with material from other sources. The intelligence units of the military services concentrate largely (though not entirely) on tactical intelligence matters of interest to their particular services. The production of the FBI and AEC consists largely of specific reports dealing with their special responsibilities, while the intelligence unit of the Treasury concentrates on collating and summarizing intelligence produced elsewhere for use by Treasury and other officials concerned with international economic matters.

The Central Intelligence Agency has the principal responsibility for producing national intelligence, especially for the President and the NSC apparatus. The National Intelligence Officers (NIOs) are technically under the DCI as head of the intelligence community rather than as director of the CIA, but they are more a part of CIA than of any other organization. (Most of the NIOs are from CIA, although State and Defense Department people are also involved.) Most of the regular current intelligence production is carried out by CIA, which produces two daily intelligence publications, a weekly intelligence review, an economic intelligence weekly, and a weekly review of international oil developments. However, much of the material published in the daily publications, and some of the weekly material, is coordinated with the other members of the intelligence community, who can register dissents from judgments with which they disagree. A large part

of the responsibility for economic intelligence has come to rest with CIA. Originally its responsibilities in the economic field were confined to research and reporting on the economies of Communist countries (including their international economic activities) but over the years they have expanded to include virtually all parts of the world. CIA does extensive research on military affairs -- chiefly involving Communist countries -- which overlaps the work done in the Defense Intelligence Agency. Over the past two decades the Agency has become a leader in the field of scientific intelligence, both as regards analysis and reporting on scientific trends abroad and in developing new technologies for information collection.

CIA has several important strengths, but has also suffered from two weaknesses.. Since intelligence activities -- collection, research, analysis, and reporting -- are its major function, its senior people can devote most of their attention to such matters. Its analysts are freer of pol' ; pressures than those of other intelligence organizations, which makes it easier to maintain objectivity. It is not bound by Civil Service rules, which gives its greater flexibility on personnel matters. And it has less problems maintaining continuity of expertise than do other intelligence organizations.

Its first weakness -- and it is difficult to know how serious this is -- results from the unwillingness of some people to work as analysts for CIA because they do not want to be involved with an organization which carries on covert operations. The second, and perhaps more important, weakness involves its distance (both organizationally and physically in view of its location at Langley) from the policy-making process. This is a particularly serious problem in view of the lack of systematic guidance by the policy-makers that has characterized the relationship for many years. The National Intelligence Officer system is one attempt to remedy this. The institution

of a daily CIA briefing of President Ford should be valuable in helping  
be  
CIA keep in touch with matters causing concern and likely to/the subject  
of important decisions.

The activities of the Defense Intelligence Agency (DIA), which was established in 1961, range from basic research to current reporting. DIA's efforts are focused principally upon the military capabilities of potential adversaries -- especially the Communist countries. Yet it must be prepared to deal with many other matters as well, ranging from the outlook for Sino-Soviet relations to whether a natural disaster in a particular country is serious enough to warrant the dispatch of naval vessels or aircraft for relief operations. It devotes a major part of its effort to briefing senior civilian and military officials of the Department of Defense. It must also provide intelligence for planning and operations to the Joint Chiefs, provide intelligence support for the Secretary of Defense, and take part in the preparation and coordination of national intelligence.

DIA faces a number of serious problems which limit its effectiveness. It can be tasked by so many separate people and organizations -- the White House, the Secretary of Defense, the Joint Chiefs, the heads of the military services, and others -- that it is difficult to plan its activities in an orderly and efficient manner. Intelligence still has a low status in the military services, and only the Army has designated intelligence a career track. This hampers DIA's ability to secure its share of the best officers, a problem complicated by reluctance of many officers to serve in an organization not part of their own service. Personnel turnover is high among military officers, and civil service rules limit management's ability to raise the standards of performance. The inherently hierarchical nature of the military establishment creates a milieu in which it is difficult for specialists to press their views on officers who are their seniors, especially on issues involving service or departmental interests or policies.

A number of efforts have been made in recent years to mitigate these problems. DIA has experimented with new methodologies in some fields. A Directorate for Estimates was set up so that some analysts could concentrate on longer-term problems with less pressure to respond to current developments. Efforts are underway to give civilians greater responsibility in certain areas so as to be able to attract better people and to assure greater continuity of expertise. DIA no longer publishes its own daily intelligence bulletin (although it still produces a weekly review) but instead sends out its individual reports as they are prepared. These measures should result in some improvements, but in view of the many problems facing DIA it will be difficult to achieve a substantially better performance.

INR is the smallest of the major production units. Its production efforts are concentrated in two areas. The first is intelligence reports that service the specific needs of senior State Department policy makers. These are often short reports focused on very specific developments or issues of current interest. The second is its involvement in the coordination of current intelligence reports and NIEs produced in CIA. (In addition to its production activities, INR is responsible for appraising proposed covert operations and for managing the external research program of the intelligence community.) If the Secretary of State is a dominant figure in the making of foreign policy -- and has confidence in the leadership of INR -- the organization can play an important role, for its proximity to policy-making officials enables it to focus its efforts on those matters of intense concern to senior officials. However, it has two weaknesses: (1) its limited resources, which make it impossible to assemble a staff sizeable enough to deal with the range of issues confronting the U.S. government, and (2) its traditionally low status in the State Department (especially among Foreign Service officers) and its constant personnel turnover, which combine to make it difficult to obtain top quality people with experience and continuity in their jobs.

The size of the U.S. intelligence community gives it considerable capacity for research in depth, and also provides great strength for analyzing and reporting during a crisis. At the same time, size also imposes limitations, for subtlety of thought about complex issues is seldom a noteworthy trait of any large organization. This problem is compounded when various organizations come together in order to coordinate their judgments. Special efforts are constantly required to see that significant differences of views are spelled out rather than glossed over, and to make sure that unorthodox views and individual insights are encouraged rather than stifled by the system.

One other point warrants mention. The various intelligence organizations are more cognizant of the work underway, and of the strengths and weaknesses, of the others than was the case a decade or so ago. Less compartmentalization has resulted in somewhat easier and informal working relationships across bureaucratic lines, and this provides a measure of flexibility that does not show up on the organizational charts with their inevitable emphasis on boundaries and hierarchies. Organizational rivalries and loyalties have by no means disappeared, but on the whole the phrase "intelligence community" has now more substance/than in the past. Moreover, a serious effort has been made to expand relations between intelligence analysts and scholars outside the government. Progress has been made despite the reluctance of some scholars to become involved with intelligence agencies. This effort warrants continuation, not because outside scholars are more able than government analysts, but simply because all possible sources of new ideas and different perceptions should be sought.

The Role of Intelligence in the Policy-Making Process

Intelligence has four separate but related functions it must perform if it is to play its proper role in the foreign policy decision-making process. Its first and most obvious task is that of following events abroad and reporting on important developments so as to alert policy makers to impending opportunities and problems. A second task is estimating future developments in other parts of the world so as to reduce the uncertainties and risks facing the policy maker. A third function also involves estimating, but in the particular context of requests by policy makers for appraisals of likely foreign reactions to alternative U.S. policies currently under consideration. The fourth involves monitoring conditions that could affect U.S. policies adopted or operations underway. Verification of compliance or noncompliance by foreign governments of agreements, such as those on arms control, is an important example of this type of activity. (Conveying judgments to policy makers about when verification is and is not possible before agreements are made is a related aspect of this task.)

If the intelligence officer is to fulfill his essential functions, he must perform four separate tasks. The first is providing guidance for the collection process, so that information is collected on the subjects that the analyst must deal with in his reports to the policy maker. The second is to keep attuned to the concerns of the policy maker so that the analyst can produce intelligence that is relevant to forthcoming policy decisions. The third is to produce high-quality, objective, and relevant intelligence reports and appraisals, something as simple to state as it is difficult to do. The fourth task is to convey his reports and estimates in a persuasive manner, which is essential if the intelligence produced is to have the impact it warrants.

The policy maker also must perform several related tasks if the relationship is to be successful. First, he must provide guidance to intelligence officers on the types of intelligence needed lest the intelligence officer be forced to operate in the dark -- both as to his own production and in his guidance of the collectors. Estimating likely developments abroad is difficult enough without having to guess at the needs of one's own government. A second and closely related task is to keep intelligence officers informed not only of policies under consideration but of actions and operations of the U.S. government. Intelligence officers can hardly be expected to interpret the actions of foreign governments successfully if they are unaware of U.S. actions, promises, or threats that may be influencing the decisions of other states. Third, the policy maker must convey his evaluations of the intelligence he receives so that the intelligence officer knows whether or not what he has produced is meeting the needs of the policy maker. There are obvious limitations on the ability of busy men to perform these tasks in a regular and systematic manner, but if extensive resources are to be devoted to intelligence they are too important to be ignored.

There would be widespread agreement about the appropriate tasks of intelligence officers and policy makers as long as they are set forth in the abstract, as they are above, but everyone with any experience in either aspect of the relationship would immediately add that reality is never as clear-cut as the principles would have it or as neat as the organization charts indicate. There is considerable friction and tension in the relationship, which stems from personality clashes, organizational rivalries and conflicts, and different views about how the tasks of each side should be carried out.

There are two main views of the appropriate relationship between the intelligence officer and the policy maker. The traditional view stresses that intelligence should tell the policy maker what he needs to know rather than what he wants to hear. The relationship should be an arms-length one, so as to keep to a minimum the dangers of the intelligence officer's judgment being swayed by the views of the policy maker. The other view agrees that the intelligence officer must be rigorously honest and independent in his judgments, but stresses that if the former is to tell the latter what he "needs to know" he must have considerable knowledge of the specific concerns of the policy maker. Otherwise, intelligence work becomes the pursuit of knowledge for its own sake rather than a carefully focused input to the policy-maker's thinking and decision-making process. Even in the latter case, of course, intelligence is but one input among many involved in a decision. The policy-maker gathers facts and ideas from many sources, and must also be concerned with such matters as domestic needs and Congressional opinion in coming to his decisions.

In theory the intelligence / does not put forward policy recommendations, but his decisions as to which facts are relevant and the way in which they are presented can make a particular policy look sensible or silly. His experiences will have led him to have committed himself to certain views of men and nations abroad, and he will have his personal views on what U.S. policy should be in particular instances. No matter how disciplined he is in trying to keep his views about foreign areas under constant scrutiny and modify them if unforeseen developments indicate he should, he will be hesitant to abandon positions to which he has committed himself lest he be regarded as inconsistent. Yet the intelligence officer . who becomes predictable risks losing his audience. No matter how hard he tries to keep his personal policy preferences from influencing his intelligence judgments, he will find it extremely difficult to make the proper allowances

for his own views. Similarly, policy makers sometimes exert pressures -- subtle or otherwise -- on intelligence officers to tailor their judgments so as to support existing policies, and they cannot always avoid the temptation to use intelligence selectively in order to secure support for their policies from the public, the Congress, and foreign governments. Even more delicate and complex strains arise when there is disagreement among individual policy makers or departments which lead some to cite intelligence reports as support for their positions and others to downplay the significance of such reports.

These differences should be kept in perspective. One holding the traditional viewpoint would agree that an intelligence organization should be prepared to answer questions about likely foreign reactions to various U.S. courses of action. (How would North Korea react to the removal of U.S. troops from South Korea? Moscow to full U.S. diplomatic relations with China? Other food-surplus countries to an increase -- or the lack of an increase -- in U.S. food shipments to avert famine?) A person holding the view that there must be continuing contact between intelligence officials and policy makers would agree that the former should not tell the latter which policy he should follow. Those holding the second viewpoint argue that intelligence officers must be prepared to take the initiative in seeking out policy makers, gaining admittance to their meetings, making known the capabilities of intelligence organizations, and in effect pushing the policy makers to explain what their aims and policies are and solicit their requests for intelligence reports. The areas of overlap between the two viewpoints provide the basis for a working relationship, but the differences in emphasis often produce sharp and bitter clashes. Such disputes constitute one source

of continuing friction between intelligence officers and policy makers, particularly when an intelligence failure or an unsuccessful policy creates a major potential fracas.

Another problem is the tendency of some policy makers to regard themselves as their own best intelligence officers -- at least on some issues. Few of the leading officials of the U.S. government would have gained such positions of influence were they not possessed of considerable self-confidence. They may still value intelligence reports, but they are much more receptive to specific facts and hard (measurable) judgments than to "soft" appraisals of trends or possible political developments. Moreover, intelligence "judgments" often seem much less significant than the policy maker's own high-level diplomatic exchanges or private conversations with foreign leaders -- especially if something as dramatic as a "hot-line" is involved.

This tendency has probably been one factor behind the trend toward increased emphasis on current intelligence reporting and the downgrading (though not the elimination) of longer-range analysis and estimates. Another factor has been the increased skepticism about the utility of policy planning which, in the judgment of some critics, is usually no more than an unimaginative projection of the present into the future in a way that conveys an impression of predictability to policy that is impossible in a disorderly world.

Few people who have had any experience in estimating or planning are unaware of the limitations inherent in such activities. Nonetheless, they express serious concern about recent trends. Major resource decisions -- such as new weapons programs -- can only be based upon judgments, implicit if not explicit, about the future. Unless foreign policy has a sense of direction individual decisions are likely to oscillate with the pressures of the moment

rather than according to a well-thought-out frame of reference or design. The top official can easily allow himself to be overwhelmed with dramatic facts about current developments to the exclusion of the less exciting long-range think piece. Modern methods of communications allow the Secretaries of State and Defense, or even the President, to be the country desk officer in a crisis if he chooses to be. This happened in the Cuban missile crisis, the Dominican Republic intervention, and the early bombing campaign against North Vietnam. The record suggests that such a temptation should be resisted.

How successful or unsuccessful have intelligence officers and policy makers been in fulfilling their respective tasks in recent years? More important, what factors have been responsible for the achievements that one finds and for the problems that exist? The outside observer can make only tentative judgments, and runs the risk of being unduly influenced by individual successes or failures that have come to his knowledge. To generalize, however, three broad conclusions seem warranted. First, many of the tasks are being performed in an inadequate manner. Second, the situation is better than it was a few years ago. Third, substantial improvements are possible without major reorganizations or drastic increases in already heavy workloads, although some changes in working styles would be required.

Before expanding upon these judgments, several points -- or perhaps viewpoints of the author -- should be emphasized. First, success or failure in establishing a mutually beneficial intelligence officer-policy maker relationship depends as much if not more on the attitudes of the officials involved toward each other's role as on organizational arrangements, but the procedures governing their relationship are of considerable importance to

the whole process. Poor organizations are a handicap, just as good structures are a help, but the basic structure of the intelligence community at the present time in the area of intelligence production is sound. Second, different working arrangements are necessary in dealing with different types of foreign policy problems. Relations with close allies in an era of increasing interdependence require the participation of a larger number of civil servants, Foreign Service officers, and military officers than do relations with adversaries; and the procedures for providing intelligence on different subjects should reflect this.

Third, the advent of a new Administration often results in particular strains on the intelligence-policy making relationship. Even public officials who have a proclivity to work through channels in an orderly fashion are affected by their personal appraisals of the individuals with whom they deal. When new public officials have an instinctive distrust of bureaucracy as such there will inevitably be serious strains between policy makers and intelligence officers. This happened during the early years of the Nixon Administration, when senior men in both groups found it difficult to establish the trust and confidence in the other necessary for a productive relationship. In this kind of atmosphere, subordinate officials in the two groups who have worked together in the past can only mitigate the damage. There are some signs of improvement during the past year, but given the foreign policy challenges facing the United States there is no room for complacency.

What follows is a brief expansion upon the conclusions regarding the state of the intelligence-policy making relationship; together with a short statement of what can be done to improve it. More detailed comments on these and other points are contained in the final section of this paper.

1. Establishing requirements for intelligence collectors -- a task that falls mainly to intelligence officers, but indirectly to policy makers as well -- has always been a weak point in the process. Some efforts at improvements are underway, and these are discussed and appraised below.

2. The policy makers by and large do an uneven job of providing guidance to the intelligence community and evaluation of the intelligence product. Evaluation in particular tends to be ad hoc rather than systematic. (Guidance varies over time; many requests for studies were made when the National Security Study Memorandum [NSSM] procedure was first initiated by the Nixon Administration.) Periodic requests for particular studies and occasional complaints or compliments for a failure or a helpful appraisal are not adequate substitutes for a systematic effort in these areas. While some studies are self-initiated, and much of the reporting of any large organization is routine, a lack of guidance can lead to an effort to avoid risks by producing reports on every possible subject, thus, overwhelming the policy maker with paper. Policy makers complain -- with some justification -- that they find intelligence organizations unresponsive to some of their requests. (This is a particular complaint of middle-level policy officers.) Instances cited are requests for analysis of the personality traits of foreign leaders, the influence of bureaucratic interest groups on the policies of foreign nations, and the underlying goals and rationale behind such matters as the Soviet strategic arms build-up. Complaints are also heard from some policy makers that intelligence organizations are extremely conservative in experimenting with new methodologies or in hiring people with backgrounds in new disciplines, such as the psychology of organizational behavior. Failing to get an adequate response, some policy makers gave little attention to production guidance.

3. An even more serious weakness is the failure of high-level policy makers to keep the intelligence community informed of U.S. actions that have been taken, high-level conversations with foreign leaders, and policies under consideration. (This poses a particularly difficult problem when some of the basic conceptions about world politics and foreign policy goals held by newly-elected leaders are quite different from the ideas of their predecessors.) Under such circumstances the intelligence officer faces an extremely difficult task in keeping attuned to the concerns of the policy maker -- as well as appraising actions of foreign political leaders. There are several reasons for this failure. One is simply the pressure of time on the top men in the foreign policy establishment. This is a particularly serious problem when one man, Dr. Kissinger, has more duties than any one person can handle -- Special Assistant to the President, Secretary of State, chief American negotiator in a variety of situations, and major spokesman on foreign policy for the Administration in its dealings with Congress, the press, and the public. Moreover, no adequate delegation of authority is made for periods when Secretary Kissinger is out of Washington. Another reason is his fear of leaks -- not only to other countries but also to elements in the U.S. government with different views on foreign policy -- which would make it more difficult to carry out his policies. (This problem of inadequate knowledge of U.S. plans and actions is not unique to the intelligence community, but affects other parts of the foreign policy community as well. Indeed, it is ironic that as compartmentalization has declined among intelligence officers it has increased among policy makers.)

4. In view of these problems, it is surprising that the quality of intelligence is often quite good. There are weaknesses, to be sure, but the product often matches the work done at the better universities and private research establishments. (This does not imply that the intelligence community is more capable than the policy-making community, for one could make a case that the content of American foreign policy has also been good -- even though neither group has made full use of the other.)

5. It is difficult to make any meaningful generalizations about how effectively and persuasively intelligence is presented to the policy maker. Considerable flexibility is required on such matters and some is clearly in evidence. Some policy makers are listeners and some are readers. Brevity and a few specific conclusions are required for some policy makers on certain subjects. In other cases much more detail and speculation may be appropriate. Whatever the format and procedures, important intelligence should be presented in a way that can lead to discussion and questioning before decisions are made so that the dangers of the policy maker misunderstanding the judgments (especially those expressed as probabilities) and the implications of such intelligence are reduced to a minimum. The lack of such opportunities when final decisions were being made -- as distinct from options being set forth -- was a weakness of the NSSM system. Moreover, the NSSM system was inadequate when a crisis arose, as evidenced by the establishment of the Washington Special Action Group (WSAG).

The Nixon Administration's dissatisfaction with the U.S. intelligence community led it to make a number of changes in 1971, one of which was the establishment of the National Security Council Intelligence Committee (NSCIC).\*

\*NSCIC members are the Assistant to the President for National Security Affairs (Chairman), the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the DCI.

The NSCIC was to provide substantive guidance and evaluation from senior policy makers to the intelligence community. Despite Administration complaints about the analytic quality of intelligence production and its relevance to policy requirements, the NSCIC has remained a paper organization unused by those who created it.

Without suggesting that regular utilization of the NSCIC -- or something much like it, with both consumers and producers of intelligence participating -- would solve the complex problems and existing deficiencies in the intelligence-policy making relationship, it has the potential to improve conditions considerably if used intelligently. Its task is not to provide the week-by-week, study-by-study policy maker guidance to intelligence organizations. Rather, it should focus on major long-term issues, specific opportunities and deficiencies, and examination of the procedures used by each group to fulfill its functions. For example, the NSCIC might examine whether or not the intelligence community is devoting the right percentage of its resources to Soviet affairs, to international economic affairs, and to specific areas. Is a major new effort needed in Southern Europe in view of the importance -- and fragility -- of this area? This would require some changes in working styles. Specifically, policy makers would need to be less secretive and more explicit about their longer-term priorities and goals. (There are, of course, limitations as to how much precision one can expect about long-term aims given the periodic turnover at the top levels of the U.S. government, but some improvements are possible.) Similarly, periodic and systematic efforts to convey evaluations of the performance of the intelligence community would make its internal efforts at improvement more effective. The high-level officials who are members of the NSCIC would have to rely on subordinates for the detailed work necessary to make this body effective, but support and direction from the top are essential, and the amount necessary would not be unduly burdensome for busy officials.

Key Issues in the Intelligence-Policy Making RelationshipEstablishing Requirements for the Collectors

There is general agreement that one of the weakest -- and most difficult -- areas in the entire intelligence effort involves establishing requirements for collectors in a systematic, efficient and meaningful manner. There are some people familiar with the intelligence community who believe that far too much information of certain types are collected simply because it is collectible and/someone somewhere has requested it -- and who see the problem getting worse as technological capabilities increase. This probably grows out of the "jigsaw puzzle" syndrome -- the idea that somewhere there exists a particular fact which, if available, would provide the answer to the analyst's needs.

Procedures have been devised for levying individual specific requirements also on collectors. Arrangements and procedures have been adopted for deciding whether or not to undertake a major collection effort on a particular problem or to buy a new technological collection system. The latter types of decision require major coordinated studies involving estimates of likely trends in foreign countries and long-term American foreign policy priorities. Similar types of appraisals and decisions are necessary if difficult agent penetrations are to be attempted in a useful manner.

The essential problem regarding requirements is that of devising a systematic and periodic tasking of collectors in a way that uses increasingly scarce resources for the most important needs. There is a major dilemma involved here. If all the specific questions that the intelligence officer (and the policy maker) would like answered are put into a list it would be so voluminous as to offer little practical guidance. At the other extreme,

a short general list provides little real guidance to anyone. What is necessary is a continuous surveying of what is known to the intelligence community, what it is ignorant of, and what elements of ignorance can be reasonably eliminated. Then -- most difficult of all -- it is important to establish a priority regarding the importance of the facts that need to be known and how much it would cost to learn about them. A particular fact may be only of moderate importance, but if it can be learned at a low cost it may warrant a high priority. Decisions must also be made about the degree of certainty required. For example, are the intelligence community and the policy maker willing to accept 90 per cent certainty of knowing a particular set of facts? The cost of acquiring such facts will be far less than if 99 per cent certainty is required, for in many cases it is the most sophisticated and expensive technology that must be used to eliminate the last elements of uncertainty. Clearly these are decisions that should be made jointly by the intelligence community and the policy makers. An effectively operating National Security Council Intelligence Committee should be able to provide some guidance on such matters.

Major questions arise about why requirements have been a general weakness of the intelligence community and what is being done to overcome this deficiency. There are a variety of reasons for past shortcomings. Some of them involve the inherent difficulties and complexities of the problem. The problems can never be "solved"; the most that can be hoped for is that they are minimized. Jobs or requirements staffs often have had little prestige in the intelligence community, and few of the best people have wanted to work in this area. The requirements staffs have little authority over the collectors, and must obtain high-level support on an ad hoc basis when they are confronted with unsatisfactory collector performance. Finally, collection

is to some degree an opportunistic affair with an element of luck involved, and collectors in the field are tempted to work on the easiest rather than the most important tasks. Moreover, the collectors themselves have a valid complaint in that they are often not given adequate lead time by the intelligence officers and the policy makers, who sometimes fail to anticipate their needs -- a difficult task in an uncertain and fast-changing world.

One other structural weakness needs to be pointed out before discussing efforts that are under way to improve the situation. Requirements at present come under the general jurisdiction of a variety of committees of the U.S. Intelligence Board. Each of these committees -- such as those dealing with human collection resources, communications intelligence, and overhead reconnaissance -- try to collect what is possible with the technology available to them. What is needed is a more rigorous effort to organize and integrate requirements in their entirety rather than only by individual techniques.

A number of efforts are under way to improve the collection guidance process under the leadership of the DCI, who now has direct authority over the chairmen of the USIB committees. One of these efforts involves the development of the Key Intelligence Questions (KIQs), which are worked out by the intelligence community in cooperation with the USIB committees, and are revised annually. Since this method has only been recently adopted, it is too early to evaluate its usefulness. Secure telephone lines have been established between a growing number of U.S. embassies and Washington agencies, which enable the intelligence analysts and the collectors to be in direct communication. Efforts are also under way to make sure that policy makers as well as intelligence analysts and collectors understand each other better. One of the tasks of the National Intelligence Officers is to facilitate this dialogue. These efforts to short-circuit bureaucratic hierarchies are being supplemented

by attempts to link collection needs and performance more closely to budgetary and fiscal planning. Finally, an effort is under way to mesh tactical and national collection capabilities and needs. All of these activities should be continued and institutionalized.

Guiding and Evaluating the Reporting of U.S. Embassies

Some of the most important information to reach the intelligence community in Washington grows out of the reporting activities of U.S. embassies around the world. This includes not only the extensive reporting by Foreign Service Officers (FSOs) on political, economic, and social developments in their respective countries and on the foreign policy of the governments they deal with, but also reports by American attachés responsible for agricultural, financial, labor, and military affairs. Other important information arises out of the reports of AID Missions, USIS posts, and Military Assistance and Advisory Groups (MAAG).

Several obstacles exist to making this reporting more useful and responsive to the needs of the intelligence community. The first is simply a problem of understanding. To the typical FSO, intelligence is basically what is collected clandestinely by an agent -- or, at the other end of the technological spectrum -- by advanced technological methods. The FSO seldom looks upon his reports as a part of the intelligence collection activities. He often points out that if he / regarded simply as an intelligence collector by the local government, many of his sources of information would dry up. Yet to an intelligence analyst the conversations of a U.S. diplomat with his foreign counterparts are a very important type of raw intelligence, just as are the studies done by the embassy personnel on conditions and trends within a particular country. There is no point in trying to obtain an agreed definition of what is or is not raw intelligence. What is needed on the part of the embassy

personnel is an awareness that these reports do enter the intelligence process, and more systematic training and evaluation of such personnel in view of their inescapable role.

At the same time, intelligence organizations need to remain aware that and purposes of the U.S. embassy personnel the activities/and intelligence officers only partially overlap. Embassy reporting must serve many masters. Much of the work of the embassy official will be directed toward managing routine relationships between governments or -- if he is a senior official -- negotiating important agreements and making foreign policy recommendations.

Even increased understanding of these points would still leave unresolved the responsibility for guiding and evaluating the efforts of U.S. embassies regarding reporting for intelligence purposes. One obvious improvement involves devising a better and more meaningful requirement system, a subject discussed in the previous section. According to many people who have served in embassies abroad, requirements lists are either so general as to be meaningless or so detailed as to impose impossible tasks. In either case, they receive little consideration.

The DCI is examining various methods designed to foster closer links between the intelligence community and U.S. embassy personnel as part of his responsibility for coordinating the intelligence collection activities of the government. He is considering the idea of sending an annual letter to each embassy evaluating its reporting in an effort to provide guidance and stimulate improvement. This is obviously a matter that raises some delicate issues concerning the relationships between the DCI and the Secretary of State. A letter stating that an embassy had done a good job in most areas but needs to improve its performance on a few matters probably would not create many difficulties. However, a really critical letter would in effect

be an indirect criticism of the Secretary of State. For such a system to be acceptable to any Secretary of State such letters probably would have to be coordinated with him -- in effect, with INR -- before they were sent.

If this system is adopted, it might also be useful to require embassies to make a systematic appraisal of the quality of intelligence produced on the countries to which they are accredited. Such a practice, if handled in a constructive manner, would provide one element of evaluation of intelligence production from the viewpoint of those "on the ground" and could encourage a useful Washington dialogue with the field.

Policy Guidance to the Intelligence Community

One of the striking deficiencies affecting the role of intelligence production is the inadequacy of guidance by policy makers as to their needs. This is a broad statement, and exceptions are easy to find. Nonetheless, complaints on this point are heard too often to be ignored. Requests for particular studies are made from time to time by virtually every policy maker, and regular reports (such as the National Intelligence Daily and National Intelligence Estimates) are read -- at least partially. One of the responsibilities of the National Intelligence Officers is to solicit guidance. Nevertheless, guidance is too often ad hoc rather than systematic. The National Security Council Intelligence Committee (NSCIC), which was to provide systematic guidance by consumers to producers, has been a paper organization with no discernible impact. The busy high-level officials on this committee could hardly spare the time for detailed work in this area, but without their drive and support any task force or working group of people more directly involved can make very little progress.

(The problem of inadequate guidance, it should be emphasized, is not something that developed in recent years. It has been a problem ever since

the regularized system of policy making through reliance on the NSC system was abolished by the Kennedy Administration. Previously, the NSC meetings began with an intelligence briefing, usually, by the DCI; he then learned of the concerns of the policy makers as they discussed issues, and was tasked by the NSC if further work was required. The major flaw in the system was the attempt to present a consensus on policy to the President, which led to a muting of differences and an emphasis on the lowest common denominator. Had options or alternatives been presented to the President, the system might not have been largely ignored since 1960.)

A key factor in whether or not there is adequate guidance is likely to be the attitude of the President. If he makes a reasonable effort to provide guidance -- and if he encourages the NSC staff to do the same -- his example is likely to spur others to take this responsibility more seriously. The President's Foreign Intelligence Advisory Board (PFIAB) should make this subject one of its regular concerns.

#### Evaluating Intelligence Production

A major weakness in the field of intelligence over the years has been the lack of systematic evaluation of intelligence production by the intelligence community as well as the policy maker. Individual analysts evaluated their own performance on an informal basis, and their immediate supervisors also did so. Occasionally, major studies of the record on a particular problem or area were undertaken. At times intelligence officers received comments about their reports from senior policy makers, but this usually involved specific complaints when a mistake was made or specific praise for a particularly good report. (More frequent comments come from middle-level officials. These are helpful, but no substitute for awareness of high-level reactions.) What has been lacking is a systematic effort to evaluate performance. The

various parts of the intelligence community need to evaluate their own production, not so much so that they will know what their scorecard is, but in order to devote serious study to the basic reasons why they did some things well and others poorly. The intelligence officer also needs feedback from the policy maker so that he knows when he is answering the questions the latter needs answered and when he has misdirected his effort, when he has been persuasive and when the policy maker remains unconvinced. Criticism is as important as praise, if not more so.

In the past year, a beginning has been made by the Intelligence Community (IC) staff in this area. A small evaluations staff has been established to assemble the production on certain major issues, to appraise the record, and to see what lessons can be learned. Several points need to be made about this. Evaluation is a difficult and time-consuming business when one not only looks at which forecasts were correct and which were wrong, but tries to discover the underlying reasons and the lessons to be learned. It is more difficult to judge whether intelligence was relevant than if it was correct. Some intelligence judgments are conveyed orally at high-level meetings, and even when these are recorded it is difficult to get their full flavor.

The present IC staff effort should be continued and a body of case studies built up as part of an ongoing process of training and research. More people from the policy-making parts of governments should become involved in this effort. The NSCIC could play a useful role in this process if its members would occasionally consider which types of intelligence have been least -- as well as most -- satisfactory, on what issues and areas intelligence has been helpful, and thus provide some guidance to the IC staff as to what matters it should study.

The area of evaluation is also one in which the President's Foreign Intelligence Advisory Board (PFIAB) can play a helpful role. There is a tendency for such outside groups to focus their efforts on intelligence "failures." Yet one of the most important contributions such a group -- which, despite their part-time status, need not operate under the twin pressures of time and crisis -- can make is periodically to appraise important parts of the record of the intelligence community when there is no immediate crisis. People are less defensive and more open to constructive suggestions at such points, and an outside body is often well-suited to taking a long view.

Coordination or Competition in Intelligence Activities

One question that often arises is the extent to which there should be competition -- or duplication -- in the work of the various parts of the intelligence community. This is an important question, but it is a much narrower one than is often assumed. There is general agreement that collection efforts should be centralized to the extent possible and coordinated to the extent that centralization is not feasible. There is also general agreement that where extensive processing of raw data is required -- in photographic read-outs, telemetry and communications intelligence processing, etc. -- it need only be done once and should normally be done in one place. (This refers to routine data, not the occasional crucial piece of information which will be checked and rechecked.)

A strong case can also be made for establishing a central data base within the intelligence community -- and to a degree within the government as a whole. However, there is considerable wariness about moving rapidly in this difficult area. Much can be done through the use of computers, but no analyst wants to give up his own filing system until he is confident that he

will have fast and reliable access to a centralized data bank. The initial equipment and training costs of this are considerable. A more fundamental problem is the cataloguing of information in the system. A decision as to what category a particular piece of information falls into is often a matter of judgment, and the judgments of analysts and cataloguers may differ. A particular report may touch on many subjects, and it is important that it be retrievable by a request for any one of them.

This leaves two broad types of intelligence production to be considered. The first is current intelligence reporting, and the second is research and analysis -- including the estimative function. The costs of competition or duplication are of a quite different magnitude and nature regarding intelligence production than they are for intelligence collection and processing. In the latter case, the costs are primarily measured in terms of large amounts of money, but in the former they often involve claims on the limited time of high-level leaders.

It is somewhat misleading to describe the current intelligence functions as "reporting" as if current intelligence publications do no more than report the facts about the most important events in other countries as quickly as possible after they occur. The collection of items to be reported requires judgments as to what is important. More basically, current intelligence publications include interpretation, analysis, and projection as well as reporting, although such forecasts are normally of a short-term nature. Very little duplication exists any longer in the current intelligence reporting field. DIA still publishes its own weekly intelligence report. However, DIA has phased out its daily intelligence publication as such. Current international reports are now issued item by item as the information is received in DIA. One reason for this is that the appropriateness of a single daily deadline is questionable for an organization whose consumers are not only offi-

cials in the national capital but also military commanders located in different time zones around the world. A second reason is the fact that DIA leaders are satisfied with the National Intelligence Daily published by CIA. Items in this publication are normally coordinated within the intelligence community, and those in disagreement with CIA views are permitted to express their dissents. (It is not always possible to coordinate last-minute items, but these are designated as being uncoordinated.)

Despite the statements of some senior officers that they want facts rather than opinions, they are generally desirous of having a variety of views (opinions) sent to them on basic analytical and estimative matters. Theoretically, it is not necessary to have different organizations dealing with the same issues to surface conflicting judgments. A single well-managed organization which encourages debate and open expression of differences can do so: Yet the reality, at least in many cases, is less satisfactory. Quite apart from the danger of stifling dissent, there would be periodic conflicts about which subjects were to receive top priorities for research and analysis. These considerations have repeatedly led those who have studied this issue to conclude that: (1) a reasonable amount of duplication (or competition) in terms of research and analysis is desirable, and (2) that on major questions (especially those involving national intelligence estimates) the various parts of the intelligence community should coordinate their efforts by presenting them in a single document so that the agreements and disagreements are readily apparent to the reader. Despite the attraction of attacking the conventional wisdom, in this case it seems wise as well as conventional. It should be emphasized, however, that effective decentralization of analysis depends upon having a critical mass of specialists (which varies in number with the type of work involved) necessary to do high quality work.

The National Intelligence Officer (NIO) System

During the 1950s and the 1960s one of the key organizations in the intelligence community was the Office of National Estimates (ONE), which was responsible for producing the National Intelligence Estimates. This covered a wide range of topics. There were short "reaction" estimates requested by the White House -- How will Moscow react to the mining of Haiphong harbor? -- written in a few days. There were studies of likely trends in countries or areas over the next few years, sometimes written because policy decisions were to be made, and sometimes because the previous NIE on the subject was outdated. There was also -- and this was one of the most important -- an annual series of NIEs dealing with various aspects of Soviet military and strategic developments. Estimates were drafted by the small regional or functional staffs of ONE (who drew on specialists throughout the government), and reviewed by the Board of National Estimates, a group composed of both generalists and specialists. All were coordinated at meetings with representatives from the intelligence community before being sent to USIB for final consideration and approval. In some cases, agreement came quickly and easily. In other cases -- especially the estimates of Soviet military capabilities and plans, upon which hinged important policy decisions and budgetary allocations -- there were long and sometimes acrimonious disputes between different agencies. The pace of ONE was occasionally frantic, but an effort was made to provide time for reflection as well as production.

It was seldom easy to know how much impact the NIEs had on policy decisions. This varied considerably with the topic under consideration, the other sources of information available to the policy maker, the persuasiveness of the particular document, and the extent to which the minds of top officials

were opened or closed on a particular subject. NIEs were sometimes not read, sometimes read but ignored, sometimes used by those whose views they buttressed (as witness George Ball's unsuccessful use of the NIEs on Vietnam to argue against U.S. involvement there) and sometimes had a clearly discernible effect on U.S. policy.

The NIES were originally designed to fit into the orderly processes of the NSC under Truman and Eisenhower. The more informal style of the Kennedy and Johnson Administrations somewhat reduced the status of the NIEs, though more in the political than in the military area. NIEs faced more competition from ideas generated by columnists, professors, and others outside the government. The influence they had stemmed more from the persuasiveness of their arguments than from their status as NIEs.

The Nixon Administration was not happy with the NIE process or the Office of National Estimates. Its leading figures claimed ONE was unwilling or unable to grapple with the issues that concerned it, and looked upon the NIEs as too bland and lacking in intellectual rigor. People in the Office of National Estimates felt that the Administration's displeasure arose largely because ONE was unwilling to tailor its views on developments abroad -- such as on Vietnam or Soviet weapons developments -- to the preconceived views of the Administration. It would probably be unfair to the Administration to dismiss the first reason, but it would be naive to exclude the second one.

The replacement of ONE by the NIO system in 1973 was an attempt to do several things. The DCI wanted a group of high-level advisors on particular areas. These were to be generalists in terms of covering all intelligence functions -- collection, analysis, operations, and relations with policy makers -- for their particular areas rather than generalists on world affairs. Thus the NIOs are responsible for advising the DCI on collection needs

and proposed covert operations, as well as supervising the production of NIEs. The NIO seldom draft the NIEs, but assign that task to specialists on the particular topic elsewhere in CIA or the intelligence community.

It is too early to appraise the effectiveness of the NIO system in terms of the quality of NIE production. However, one can point to potential strengths and weaknesses of the new system. It probably is more responsive to consumer needs since the NIOs are in closer touch with policy makers, and this should make it possible to give the NIEs a sharper focus on the issues under consideration. The production process is more flexible; bureaucratic lines can be crossed and the most knowledgeable specialist can be given the assignment to draft an NIE.

There are also several problems and potential dangers to the new system. One involves quality control; the most knowledgeable specialist is not always an adept drafter, and the drafts are reviewed only by the individual NIO before being sent to other agencies for consideration. Another is the decline in intellectual interchange across areal or functional responsibilities. This was a strong point of ONE, but the press of time and the multiple responsibilities of the NIO reduce the opportunities for this. However, the greatest potential danger -- and I have heard no evidence that it is more than potential so far -- is that the present system is inherently more vulnerable to pressure than was the old. ONE was not only fiercely proud of its independence of judgment, but as a corporate body was able to protect it. This will be more difficult for an individual NIO, and will require occasional doggedness on the part of both the NIO and the DCI. A more subtle variation of this is that responsibility for drafting some NIEs will be assigned to other agencies where the analysts are subject to more intense policy pressures. This may

affect the tone more than the key judgments -- which will remain the DCI's -- but tone can have an effect on the impression left with the reader.

It would be useful to explore ways to give the NIOs as a group more of a corporate existence so as to minimize these dangers without damaging the flexibility of the present arrangements.

#### Intelligence Support for U.S. Foreign Economic Policy

The growing importance of international economic affairs during recent years has brought to the fore many difficult questions regarding U.S. foreign economic policy. (In reality the U.S. does not have a foreign economic policy, but a series of policies dealing with trade, energy, finance, food, transportation, etc.) Key issues include not only the appropriate policies to be pursued but also what departments should have what responsibilities, how their efforts should be coordinated, and where the responsibility should be placed for providing economic intelligence support.

The formulation and execution of foreign economic policy are extremely complex and difficult matters. A large number of departments are involved -- State, Treasury, Commerce, Agriculture, Labor, Interior -- as well as organizations of various types dealing with resources, aviation, shipping, central banking, communications and environmental issues. There is a growing awareness that many economic problems transcend national boundaries, and that the international institutions and procedures established at the end of World War II need major restructuring. Coordination within the U.S. government, which would be needed in any case, is doubly important in such circumstances. Moreover, foreign economic policy affects -- and is affected by -- domestic economic conditions and policies to a marked extent. Each agency and department involved has its domestic clientele, whose support gives it power and whose particular interests it strives to protect and advance. Finally, foreign

economic policy is foreign as well as economic, and must be coordinated with U.S. military and diplomatic policies.

There are four broad choices available regarding the organization and coordination of foreign economic policy, and the appropriate organizational and procedural arrangements for economic intelligence are to some extent dependent upon which of the four is chosen. The first would involve the establishment of a Department of Foreign Economic Affairs, which would take over the foreign economic responsibilities of all departments. Such a change/provide a clear final point of responsibility, but would have the disadvantage of creating an artificial division between foreign and domestic economic activities at a time of increasing interdependence. (It probably would also be politically impossible to strip strong departments/part of their powers.)

A second possible arrangement would be to give the coordinating responsibility to a single department, along the lines of proposals periodically made to give the responsibility to the State Department for foreign policy. The difficulty here is that no one department has the combination of technical competence, breadth of vision, and political support necessary to play such a role.

This leaves two interdepartmental approaches. One involves the use of something like the Council of International Economic Policy with the responsibility for broad policy planning and coordination, with a small staff of its own but relying on inter-agency committees to deal with particular issues. Such a body would have to rely on individual departments to negotiate with foreign governments. The final possibility is to give the National Security Council responsibility in this area, with departments which are not in the NSC framework being brought into deliberations involving their areas of responsibility. A major drawback is the tremendously expanded workload this

would create for the NSC. In the past, policy formulation and coordination have been undertaken partly by the CIEP and partly by the NSC -- a system that satisfies virtually no one.

These developments raise several important questions: First, which organizations within the U.S. government should have the responsibility for collecting economic information, and by what methods against which targets? Much of the information needed for foreign economic policy is either unclassified or available from normal government reports, but some useful material may be obtainable only by agents or as a by-product of sophisticated technological collection methods by such organizations as the National Security Agency. This poses a particular problem with regard to the economic activities of U.S. citizens or corporations. Is collection of information on such activities -- when they have international implications -- a reasonable function of intelligence organizations, or does this involve them in domestic affairs outside their jurisdictions?

Second, where should the analysis of foreign economic trends -- and their implications for the United States -- be carried out? At the present time it is to some extent scattered throughout the government. Originally, CIA was responsible only for national economic intelligence on Communist countries (including their foreign economic activities). The State Department had responsibility for the non-Communist world, although other departments did some studies in their particular fields -- departmental or tactical as against national intelligence. Over the years, however, State's role has diminished and that of CIA has increased. CIA's economic support is highly regarded throughout the government; its output appears to be of high quality and relevance. However, most of the departments with economic policy responsibilities are not members of USIB, and it is not clear how effectively their

needs will be met by the intelligence community over the long term under the present arrangements.

A third question arises out of the need to share the results of economic research and analysis with other governments and international organizations on certain occasions. (Some of these reports are distributed by the State Department, which is a logical arrangement for the present.) But if foreigners become aware that some of these studies originate with CIA, will they fear they are being given distorted information or is this no more of a problem at present than it would/<sup>be</sup> if the reports originated elsewhere within the U.S. government? How much influence should any problems that develop along these lines have on organizational arrangements for economic intelligence production?

Fourth, how should information on the state of technology in foreign countries be made available on a systematic basis to those government agencies responsible for licensing the export of U.S. technology? Are there adequate procedures for allowing such agencies to ask the intelligence community what the security implications of such technology transfers are?

Finally, what standards and procedures should govern how commercially useful information obtained through intelligence collection efforts should be released to U.S. firms? Obviously, it should be done on a nondiscriminatory basis. But that is the easiest part of the answer. Does the intelligence community decide when security overrides possible economic advantage, or should those departments which a specific responsibility for furthering U.S. economic interests have a voice in these decisions?

In view of the uncertainties about the extent and likely duration of the turmoil in the international economy -- and the lack of any consensus

about the appropriate U.S. government organizational structure and procedural arrangements for dealing with foreign economic policy -- it would be more sensible to build upon the present arrangements for economic intelligence than to make any major organizational changes. One procedural arrangement that might be appropriate, however, would be to make sure that there are adequate provisions for the DCI to report to the CIEP -- and for the latter body (as well as departments outside the intelligence community) to have the authority to task the intelligence community. If the CIEP (or a similar organization) gradually acquires something approaching the status of the NSC, there will be time enough to decide whether it should have its own intelligence research unit.